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The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development

Report of the Secretary-General

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 51/197 of 17 December 1996. It covers developments relating to progress achieved by Central American countries in the areas of peace, freedom, democracy and development since my predecessor's last report (A/51/338) was submitted to the General Assembly on 9 September 1996.

2. The General Assembly has discussed the situation in Central America since 1983. With the signing, on 7 August 1987, of the agreement known as Esquipulas II (A/42/521-S/19085, annex), the Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua undertook to initiate processes of democratization and national dialogue in their countries, to bring about ceasefires and promote free and fair elections. In February 1989, the Presidents called upon the United Nations to become involved in the verification of those agreements. Since that time the Organization has encouraged and assisted Central American countries in the steps taken to consolidate their progress towards peace, freedom, democracy and development.

3. Two important peacekeeping missions have been carried out in Central America under the authority of the Security Council: the United Nations Observer Group in Central America (ONUCA) (November 1989-January 1992) and the United Nations Observer Mission in El Salvador (ONUSAL) (July 1991-April 1995). By its resolution 1094 (1997) of 20 January 1997, the Security Council also authorized the attachment to MINUGUA of a group of military observers to verify the demobilization of combatants of the Unidad Revolucionaria Nacional Guatemalteca (URNG) (March-May 1997). For its part, the General Assembly authorized the United Nations Observer Mission to Verify the Electoral Process in Nicaragua (ONUVEN) (August 1989-April 1990) and, on 19 September 1994, adopted resolution 48/267, establishing the United Nations Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala (MINUGUA). After the Agreement on a Firm and Lasting Peace was signed on 29 December 1996, the General Assembly decided, by its resolution 51/198 B of 27 March 1997, to authorize the renewal of MINUGUA, to be known thereafter as the United Nations Verification Mission in Guatemala, and to expand its mandate to verify all the peace accords. Meanwhile, after the completion of the mandate of ONUSAL, a smaller

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Mission of the United Nations in El Salvador (MINUSAL) was established on 1 May 1995; MINUSAL was in turn replaced on 1 May 1996 by the United Nations Office of Verification (ONUV), which was, pursuant to resolution 51/199 of 17 December 1996, further reduced to a support unit from 1 January 1997 until 30 June 1997, and, thereafter, following the adoption of resolution 51/199 B of 31 July 1997, to a follow-up unit of two Professionals within the office of the United Nations Development Programme (UNDP) in El Salvador until 31 December 1997. In addition, most programmes and agencies of the United Nations system continue providing technical assistance to Central America within country programmes or regional frameworks.

4. In addition to reports of the Secretary-General on the mission currently in the field in Guatemala and on assistance for the reconstruction and development of El Salvador, the General Assembly at its fifty-second session will consider a number of reports on the region. These include those on international assistance and cooperation with the Alliance for the Sustainable Development of Central America, and on the Universal Congress on the Panama Canal.

5. The present report concentrates on the five signatories to the Esquipulas process; in accordance with the new Central American agenda and the composition of Central American summit meetings, reference is also made to the situation in Panama and in Belize.

II. The Central American process

6. On 7 August 1997, in Guatemala City, past and present regional leaders observed the tenth anniversary of the signing of the Esquipulas II commitments establishing the "Procedure for a Firm and Lasting Peace in Central America" at a turning point in the region. The civil wars of the 1980s had finally become a thing of the past after the Government of Guatemala and URNG had signed the Agreement on a Firm and Lasting Peace on 29 December 1996.

7. Countries throughout the region have continued efforts to further enhance the improved prospects for the goals of peace, democratization, reconciliation, development and justice reiterated by their Governments. Democratically elected Governments have shown themselves to be stable even in the face of internal difficulties. Thus, in Nicaragua, elections were held peacefully on 20 October 1996 and a second consecutive democratic transfer of power took place on 11 January 1997; in addition, the Government of President Arnoldo Alemán on 30 May 1997 reached a peace agreement with the last major armed group in the country, the Frente Norte 3-80. In El Salvador, a former guerrilla movement, the Frente Farabundo Martí para la Liberación Nacional (FMLN), won a significant share of political power in the March 1996 legislative and municipal elections, including the mayoralty of San Salvador. The Guatemalan peace process was successfully concluded in December 1996, putting an end to more than 30 years of conflict. Honduras pressed ahead with the cleansing of its political system, and Panama continued the process of broadening national consensus around the goal of a successful management of the transfer of the Canal to exclusive Panamanian control after 31 December 1999.

8. Democratic institutions have been strengthened and efforts have continued to bring military and public security bodies under the control of civilian authorities. The offices of the ombudsmen for human rights in El Salvador, Guatemala and Honduras continue to consolidate their presence within their respective countries, with their actions reinforced by pressure by non-governmental organizations for vigilance and accountability in this area. In El Salvador, the National Council on Public Security, which was created in January 1996, and, most importantly, the more diverse composition of the legislative assembly after the March elections have ensured a heightened public scrutiny of public security matters. Difficulties notwithstanding, Honduras has continued the process of demilitarizing public security. Guatemala's President Arzú has also continued streamlining the security forces in preparation for their new role now that the conflict is over. However, throughout the region, institutions responsible for public security have continued to be confronted by alarming levels of common criminality. These have their origin in the economic and social conditions experienced by a large proportion of the population, combined with difficulties in the process of reintegration of former combatants and those displaced by conflict.

9. Unlike 1996,[1] Central America's economic horizon seems promising in 1997, within the framework of the peace that now encompasses all countries of the region. Factors promoting growth this year include the increase in coffee prices and new commitments from the international community in support of the peace processes.[2] According to the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA),[3] a 2 per cent jump in regional growth is expected in 1997. It is important to recall, however, that this would still not allow for a sustained improvement in living standards. The consistently weak growth of non-traditional exports to the rest of the world is an important indicator of the need to

continue structural change efforts that will permit the diversification of production and markets for Central American products. Tourism in particular is considered a key area that Central American countries must continue to expand in order to support the recovery in economic growth and the creation of jobs. In the meantime, SIECA is forecasting a 2 per cent expansion of Costa Rica's gross domestic product (GDP) (from 0.5 per cent in 1996), 4 per cent in the case of El Salvador (3.5 per cent in 1996), 4 per cent in Guatemala (3 per cent in 1996), 4 per cent in Honduras (3.5 per cent in 1996) and 5 per cent in Nicaragua (slightly lower than the 5.5 per cent of 1996, but still the region's highest rate).

10. In their Declaration of San Salvador II (A/49/901-S/1995/396, annex V), the Central American Presidents recognized that widespread unemployment, social deterioration and poverty were problems that required their most urgent attention. However, the pursuit of policies necessary for macroeconomic stabilization, liberalization of the economy and modernization of the State has done little to advance the alleviation of widespread poverty or the much-needed creation of employment. While the risk of social unrest remains real, that incidents of this nature have not been more frequent can be attributed to the region's high level of political organization and, to some extent, to the memories of recent experiences of internal conflict.

11. The Central American process has come a long way since the signing of Esquipulas II. For the first time in decades, not one of the countries in the region is plagued by internal conflict. However, it remains clear that for peace to be firm and lasting, it must maintain an interrelationship with freedom, democracy and development. The challenge of fulfilling the promise of peace is one of which the Central American Presidents are acutely aware. I therefore encourage all their efforts to ensure, as they stated during their sixteenth summit meeting, that "with the support and efforts of international solidarity, the region can become a model of conflict resolution, consolidated by peace and democracy through comprehensive development and the adoption of political solutions" (A/49/901-S/1995/396, annex I).

Regional cooperation and integration

12. The reporting period has seen the further consolidation of the Alliance for the Sustainable Development of Central America (ALIDES), in which the importance of greater regional cooperation and integration is emphasized, pursuant to the Declaration of Guácimo, adopted by the Central American Presidents on 20 August 1994 (A/49/340-S/1994/994, annex), the documents signed during the Managua Environment Summit (12 October 1994) and at the International Conference on Peace and Development at Tegucigalpa (24-25 October 1994).

13. The Alliance for the Sustainable Development of Central America, as established at the Managua meeting, is an ambitious and comprehensive initiative guided by the principles of respect for life; peace; democracy; the observance of human rights; economic integration; and the responsibility of succeeding generations for sustainable development (A/49/580-S/1994/1217, annex I). Subsequently the Central American Presidents, meeting as the Central American Council for Sustainable Development in Costa del Sol, El Salvador, in October 1995, approved the monitoring agenda of the Alliance, with a number of priority commitments in the political, economic, social, cultural and environmental fields. The Seventeenth Presidential Summit in San Pedro Sula (3-15 December 1995) approved a Framework Treaty of Democratic Security in Central America (A/51/67, annex II). The Eighteenth Presidential Summit, held at Montelimar, Nicaragua, from 8 to 9 May 1996 (A/50/998-S/1996/497), reaffirmed the commitments made in the framework of ALIDES and, in particular, emphasized the field of tourism with the adoption of the Regional Programme of Action for the Development of Tourism in the Countries of Central America.

14. At their Nineteenth Summit, held at Panama City from 10 to 13 July 1997, the Central American Presidents approved a reform of the System of Regional Integration, with the aim of deepening Central American integration in any way that would permit the transition from an intergovernmental system to a community system. Thus it was decided to instruct the Council of Ministers of Foreign Affairs to prepare a plan of action to implement the Guidelines for the Strengthening and Rationalization of Regional Institutions. These Guidelines, based on a report produced jointly by the Economic Commission for Latin America and the Caribbean (ECLAC) and the Inter-American Development Bank (IDB),[4] include a proposal for reform whereby the Meeting of the Presidents, to take place at least once a year, would be in charge of making the strategic and political decisions guiding the process of integration, while the Council of Ministers would operate as the main decision-making body and would include the sectors subject to the process of integration (foreign affairs, the economy, social affairs and the environment). Other reform proposals aim at streamlining the Central American Parliament (PARLACEN), the Central American Court of Justice and the Secretariat of Central American

Integration (SICA, which will become a Unified General Secretariat). The Presidents also recommended that a regional mechanism to coordinate cooperation be established, linked to the Council of Ministers of Foreign Relations, to manage international cooperation on behalf of the region.

15. Finally, the Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Panama, the Prime Minister of Belize and the Vice-President of the Dominican Republic, meeting at Managua on 2 September 1997 on the occasion of the twentieth regional summit, signed the Nicaragua Declaration initiating the process of building a Central American Union, with the aim of furthering regional integration and better harnessing their common efforts to attain sustainable development and to meet the challenges of globalization. It was agreed that a High Level Group would be established to prepare the conditions for the creation of the Union.

16. Although not related directly to the Esquipulas process, progress in overcoming territorial disputes forms a vital part of any review of the status of regional cooperation and integration. While difficulties remain — in the issue of the land pockets (*bolsones*) along the border between Honduras and El Salvador (most of which were awarded to Honduras by the International Court of Justice on the border dispute in September 1992); in the demarcation of the waters of the Gulf of Fonseca, where Honduras, El Salvador and Nicaragua share fishing rights; and along sections of the border between Guatemala and Belize — the countries concerned have consistently insisted on the need to settle their differences through dialogue. Positive developments have taken place throughout the past year. A protocol was signed on 26 April 1997 between the Governments of Honduras and El Salvador which guarantees rights of property, nationality and land ownership to the inhabitants of those areas. The Presidents of Honduras and Nicaragua on 8 July 1997 signed an agreement establishing a binational commission responsible for the creation of a "common interoceanic corridor"; President Reina recently announced that the two countries would soon start the demarcation of their frontier in the Gulf of Fonseca to avoid incidents in the future.

Extraregional cooperation

17. The countries of Central America continue to stress the importance of the role played by the international community in promoting peace, freedom, democracy and development within the region. At a time of pressing demands for international assistance, they have insisted on the need for this support to be maintained if the progress made in recent years is to be consolidated.

18. A mechanism through which members of the international community gave direct encouragement to individual peace processes was first established for El Salvador. The Group of Friends formed by my predecessor was made up of Colombia, Mexico, Venezuela and Spain, with the later addition of the United States of America. A similar mechanism contributed significantly to the peace process in Guatemala, where the Group of Friends of the Guatemalan Peace Process was made up of the countries mentioned above, with the addition of Norway. An initiative by the Government of Nicaragua allowed friendly countries (Canada, Mexico, Netherlands, Spain and Sweden) to form a Support Group to follow Nicaragua's transition and to support internal consensus-building. UNDP served as its technical secretariat. The Support Group was particularly active in stimulating international support for the electoral process in 1996; on the issue of property, in supporting the UNDP project aimed at facilitating the process of titling and indemnization; and, on the external debt issue, in helping Nicaraguans make their case vis-à-vis donors and international financial institutions. Its main goal already achieved, the Group was dissolved as Nicaraguans concluded the second consecutive transfer of power to a democratically elected Government in January 1997.

19. The Summit of the Americas, held at Miami, Florida, from 9 to 11 December 1994, led to the commitment of all participants to work together, under the coordination of the Trade Unit of the Organization of American States (OAS), towards the establishment of a Free Trade Area of the Americas (FTAA) by the year 2005. Parallel discussions held at the summit between the Central American countries and the United States led to the agreement of CONCAUSA, a cooperation accord between the two parties by which the United States became the first extraregional associate of the Alliance for Sustainable Development of Central America. The Second United States-Central America Trade and Investment Forum, held at Guatemala City on 13 March 1997, welcomed an initiative by Central American Presidents known as the Regional Project of Competitiveness for Sustainable Development, through which Central America could become the hemisphere's commercial axis, assuming the continuation of current regional coordination in the areas of telecommunications, energy, financial services, tourism and agro-industries. The Forum also supported the participation of the private sector in the public sector's decision-making and the strengthening of relations between private sectors in the United States and

Central America. On 8 May 1997, the Summit of Presidents of the United States, Central America and the Dominican Republic issued the San José Declaration, in which they decided, among other measures: to promote the Inter-American Convention against Corruption and elaborate a plan of action against drug trafficking and crime; to maintain an open dialogue, at the highest level, to find human solutions to the complex migratory situation[5] and ensure that each case will be evaluated individually and in a fair way; to call for negotiations on FTAA to start at the Second Summit of the Americas, to be held at Santiago; to welcome President Clinton's decision to produce a draft bill extending to Central America benefits granted as part of the Caribbean Basin Initiative; to deepen economic and trade relations; to instruct Trade Ministers to form a Regional Council for Trade and Investment; to establish a consultative mechanism, an annual meeting of Ministers for Foreign Affairs (starting in October during the regular session of the General Assembly), a Council for Trade and Investment at the Ministerial level, a continuing dialogue on migration at the highest level, and meetings in 1997 of Interior and Labour Ministers on their respective areas.

20. Political dialogue and economic cooperation with the European Union was enhanced at the San José XIII Ministerial Conference, held at The Hague on 25 and 26 February 1997 and attended by the Foreign Ministers of the Central American countries, the European "Troika" (Foreign Ministers of Ireland, Luxembourg and the Netherlands), European Commissioner Manuel Marin, representatives from the Group of Three (Colombia, Mexico and Venezuela) and, as an observer, Belize. The joint communiqué affirmed the European Union's willingness to continue and increase its cooperation with Central America around three major issues: the strengthening of the rule of law; support to social policies; and support to the Central American integration process, as defined at the San José XII Conference.

21. The first round of negotiations towards a free trade and investment agreement between the members of the Northern Triangle (Guatemala, El Salvador, Honduras) and Mexico (the "Tuxla" process) took place from 25 to 26 September 1996. Bilateral conversations on free trade agreements also started between Mexico and Nicaragua on the one hand, and Panama on the other. The Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) held a meeting with the Association of Caribbean States in February 1997, resulting in the signing of a cooperation agreement aimed at identifying and promoting programmes to seize the commercial and investment potential of the region and an agreement to conduct regular meetings and joint actions, and to integrate working groups to support commercial and investment initiatives.

22. The economic contribution of the international community to the peace processes in Central America continues to follow the course established during a series of Consultative Group meetings organized by the Inter-American Development Bank and attended by representatives of the international financial institutions (IDB, the International Monetary Fund (IMF) and the World Bank) and donor countries. In the case of Guatemala, a meeting held at Brussels on 21 and 22 January 1997 concluded with the international donor community pledging aid totalling some $1.9 billion for project-related activities from 1997 to 2000. A Consultative Group meeting on Nicaragua is currently under preparation.

23. The Organization of American States has continued to contribute to the Central American process, having assumed a leading role on trade issues throughout the Americas. Secretary-General César Gaviria, in particular, has demonstrated the organization's keen interest in the initiative of the Alliance for Sustainable Development through his presence at presidential summits. OAS cooperation with the region has continued to be extended through the Central American Mine-Clearance Programme, carried out in conjunction with the Inter-American Defence Board, as well as through the presence of the OAS International Support and Verification Commission in Nicaragua, which in June and July 1997 verified, together with the Catholic Church, the disarmament and demobilization of Frente 3-80. OAS also monitored the electoral process in Nicaragua in October 1996.

III. United Nations

24. Since my predecessor last reported to the General Assembly on the situation in Central America (A/51/338), the United Nations has continued to support the countries of Central America in their efforts to consolidate peace, democracy and development within the mandates entrusted to the Secretary-General and the various programmes and agencies of the United Nations system. In El Salvador, the United Nations Office of Verification (ONUV), and then the smaller support unit which replaced it, continued to verify the implementation of outstanding elements of the peace agreements until 30 June 1997. Under mandates of the General Assembly, I continued to exercise my good offices in the search for a negotiated settlement of the civil conflict in Guatemala until the signing of the Agreement on a Firm and Lasting Peace on 29 December 1996, and a restructured

MINUGUA has started verifying the whole set of peace agreements achieved through the process of negotiation. In addition to these specific missions, United Nations operational activities have been carried out within national and regional programmes.

United Nations in El Salvador

25. The presence of the United Nations in El Salvador has been gradually reduced in response to advances made in implementation of the outstanding elements of the peace accords. Having considered a report submitted to it by my predecessor on 25 November 1996 (A/51/693), the General Assembly, on 17 December 1996, by its resolution 51/199, decided that the responsibilities of verification and good offices entrusted to the United Nations should be executed through periodic visits to El Salvador by a high-level envoy from New York, assisted for a six-month period by a small support unit in the field. Pursuant to that decision, on a number of occasions I dispatched Mr. Alvaro de Soto, Assistant Secretary-General for Political Affairs, to El Salvador to hold meetings with the President and the Frente Farabundo Martí para la Liberación Nacional (FMLN) and to report back to me on his verification and good offices activities.

26. In my report to the General Assembly of 1 July 1997 (A/51/917), I described the status of implementation of the peace accords. However, its principal purpose, in accordance with the request of the General Assembly, was to provide an assessment of the peace process. In my assessment I noted that, five years after the conclusion of negotiations conducted under the auspices of the United Nations in far-ranging and ambitious peace agreements, an extraordinary transformation had taken place in El Salvador. The country had been largely demilitarized, while the peace process had allowed for the opening-up of space for democratic participation, as demonstrated by the elections of March 1997, and had led to important progress towards national reconciliation and the prevalence of a climate of tolerance unlike any El Salvador had known before.

27. The creation or reform of key institutions in accordance with the provisions of the peace accords has represented an important element of the consolidation of the peace process. In this regard, the development of the National Counsel for the Defence of Human Rights, the consolidation of the National Civil Police and the presence of an independent Supreme Court of Justice have been major achievements. However, public discontent with the administration of justice, fuelled by the persistence of alarming levels of common criminality, has been mounting. The weaknesses in this area, which extend from difficulties in the consolidation of the democratic public security model established in the peace accords to the slow progress of judicial reform, remain a fundamental impediment to the consolidation of a truly democratic State. In the National Council on Public Security the President has a mechanism through which to oversee the transparent and law-abiding nature of the public security sector. Meanwhile, judges, prosecutors and public defenders need to be adequately prepared for the introduction of new criminal legislation in 1998 in order to avoid making errors that could decrease the public's confidence in the system.

28. My assessment of the peace process led me to conclude that implementation of the accords was at a sufficiently advanced stage to allow me to recommend to the General Assembly that the support unit for my envoy in El Salvador be closed down as a separate entity on 30 June 1997. However, I also indicated that there were a number of the peace accords, particularly in the socio-economic area, in which implementation had yet to be completed. By its resolution 51/199 B of 31 July 1997, the General Assembly subsequently decided to close down the support unit; it also welcomed my proposal to assign two international Professionals and two local consultants as a unit under the administrative structure of UNDP, for a period of six months. That unit, which is funded by the Trust Fund for the Mission of the United Nations in El Salvador, began its work in following up on the outstanding elements of the peace accords on 1 July, while the verification and good offices responsibilities of the Organization continue to be carried out from New York. While progress towards the completion of the land transfer programme since that time has been notable, implementation of other aspects of the socio-economic accords — such as the programme to transfer rural human settlements to their current occupants and the resolution of difficulties experienced by potential beneficiaries of the Fund for the Protection of the War-Wounded and Disabled in establishing their eligibility for benefits — remains slow.

The peace process in Guatemala

29. The last quarter of 1996 saw the culmination of the negotiating process between the Government of Guatemala and the Unidad Revolucionaria Nacional Guatemalteca (URNG), putting an end to 36 years of armed confrontation. The signing in Mexico City on 19 September 1996 of the Agreement on the Strengthening of Civilian Power and on

the Role of the Armed Forces in a Democratic Society (A/51/410-S/1996/853, annex) opened the way for the final phase, that is, the consideration of operative issues such as ceasefire, demobilization and implementation procedures. During the first half of December 1996, three important agreements, namely those on a Definitive Ceasefire (S/1996/1045, annex), on Constitutional Reforms and the Electoral Regime and on the Basis for the Legal Integration of URNG (A/51/776-S/1997/51, annexes I and II) were signed at Oslo, Stockholm and Madrid, respectively. The negotiations were brought to a close in Guatemala City on 29 December with the signing of the Agreement on the Implementation, Compliance and Verification Timetable for the Peace Agreements and the Agreement on a Firm and Lasting Peace (A/51/796-S/1997/114, annexes I and II). The latter, which brought into effect all the agreements signed under United Nations auspices since 1994, was signed at a formal ceremony at the National Palace attended by President Alvaro Arzú, by the Heads of State and representatives of numerous Member States and by my predecessor, Mr. Boutros Boutros-Ghali.

30. In his report of 26 November 1996 (A/51/695-S/1996/998), the former Secretary-General reminded Member States that the entry into force of the peace agreements in Guatemala would represent a major challenge to the United Nations, which had been requested by the parties to carry out international verification of all commitments. Following his recommendations, on 17 December 1996, the General Assembly approved resolution 51/198, authorizing the extension of MINUGUA until 31 March 1997, and requested that recommendations be submitted on the restructuring of the Mission to enable it to fulfil its new responsibilities.

31. On 20 January 1997, the Security Council, in its resolution 1094 (1997), approved the attachment to MINUGUA of a military observer group to verify implementation of the Agreement on the Definitive Ceasefire. The Agreement was implemented and verified between 3 March and 14 May 1997 and was the object of a report to the Security Council (S/1997/432). In that report I stressed the exemplary conduct of the parties, which allowed the process to conclude without incident and within the agreed time span, as well as the remarkable cooperation of the international community which provided vital logistic support to the demobilization process.

32. Throughout this period, MINUGUA continued to report on compliance with the commitments of the Comprehensive Agreement on Human Rights (A/48/928-S/1994/448) and to carry out institution-building tasks. On 31 January 1997, I transmitted to the General Assembly MINUGUA's sixth report on human rights (A/51/790, annex), covering the period from 1 June to 31 December 1996. The report concluded that the ending of the armed conflict, the willingness of the Government to fight crime and impunity and the dismantling of counter-insurgency support structures had led to some progress in human rights. Nevertheless, the situation was still precarious; progress continued to be hampered by the weakness of State institutions responsible for preventing, investigating and prosecuting serious crimes and human rights violations, a large proportion of which were never clarified, as well as by the persistent crime wave. MINUGUA made proposals and recommendations aimed at improving inter-institutional coordination and strengthening key bodies such as the justice system, the National Police and the Office of the Counsel for Human Rights. MINUGUA's seventh report on human rights, covering the first six months of 1997 (A/52/330), is to be issued shortly.

33. On 31 January 1997, I informed the President of the General Assembly and the President of the Security Council (A/51/794-S/1997/106) that I had decided to appoint Mr. Jean Arnault, Moderator of the negotiations since January 1994, as my Special Representative and Head of MINUGUA. His appointment was made effective on 1 March 1997, on which date, Mr. David Stephen, who had headed the Mission since 1 June 1996, completed his assignment.

34. As requested by the General Assembly, on 14 March 1997, I made detailed recommendations on the structural changes required for MINUGUA to verify the entire package of agreements (A/51/828). Every effort was made to enable the Mission to carry out broader verification tasks without a corresponding increase in resources. I also proposed that, while retaining the acronym MINUGUA, the name of the Mission should be changed to "United Nations Verification Mission in Guatemala" so as to reflect the new mandate. The Assembly authorized these changes in its resolution 51/198 B, by which it extended MINUGUA's mandate for a year, that is, until 31 March 1998.

35. Throughout the first half of the current year, the United Nations provided administrative support to allow for the establishment of the Historical Clarification Commission, an independent body charged with examining human rights violations committed during Guatemala's long war, thereby aiding the country to move towards reconciliation. On 13 June 1997, I called upon Member States to respond generously to the Commissioners' appeal for funds (A/51/927). I am pleased to see that they did so and that the Commission was formally inaugurated in Guatemala City on 31 July 1997.

36. Details of the parties' compliance with each agreement during the first months of peace were presented in my report to the General Assembly of 30 June 1997 (A/51/936). During this initial stage, the Follow-up Commission was successfully established, as were a number of sectoral commissions and forums aimed at broadening social participation in the process. In line with the generous pledges made at the Consultative Group Meeting held at Brussels in January, the international community responded very favourably to the early challenges of peace-building while awaiting Government measures to increase tax collection. Despite the progress made, I stressed that there was a need to promote a better understanding of the prospects offered by the Peace Agreements and to ensure that their benefits reached all of society, in particular the traditionally neglected rural communities. I concluded the report by urging the political parties to move forward in adopting the legislative agenda for peace, particularly the required constitutional amendments, and by appealing to all Guatemalans to face up to the challenges of peace-building with courage and determination. The General Assembly welcomed the report and reiterated its support of the process in its resolution A/51/198 C of 31 July 1997.

37. The second phase of implementation, which covers the remainder of 1997, places emphasis on social investment, the reform of public administration, rural development, fiscal reform and the restructuring of public security and national defence. The months ahead will thus be a crucial time for Guatemala, during which the parties, national institutions and society at large will have to move forward vigorously to allow these diverse and far-reaching transformations to become a reality. The United Nations, through MINUGUA and the rest of the United Nations system, stands ready to help them in this important endeavour.

United Nations operational activities

38. United Nations support to Central America through operational activities is comprehensive and diversified. It has sought, in particular, to facilitate the regional process. In 1996, UNDP started a new programme of subregional cooperation in Central America, designed in response to the priorities and commitments established by Central American Presidents at various presidential summits. The new programme focuses on three main areas: peace and democratic governance; economic and social development; and sustainable development of the environment. Steps have also been taken to enhance coordination between United Nations agencies operating in Central America.

39. In the area of peace and democratic governance, the United Nations operational system has provided assistance to a number of projects aimed at supporting consensus-building processes. At the regional level, these included: assistance to the process of rationalization and reform of the Central American Integration System (SICA) and activities to strengthen regional organizations representing civil society and to facilitate their participation in the context of ALIDES.

40. The United Nations continued supporting peace and consensus-building processes throughout the region. In Nicaragua, a project was implemented to facilitate the transfer of power at the local level after the October 1996 elections, the building of consensus over priorities and the training of candidates and civil servants. In Guatemala, UNDP made a concerted effort, together with MINUGUA, to support the process of negotiations that led to the signing of the final peace accords in December 1996. In Honduras, the United Nations offered its collaboration to the Forum for National Convergence. In Panama, UNDP's national programme supported the dialogue between the Government, national parties and leaders of civil society resulting in agreements on the use of Canal land being transferred by the United States. And in Costa Rica, the United Nations supported activities promoting the examination of the direction of economic policies and human development.

41. The United Nations also provided support to the strengthening of democratic institutions, through programmes of support to judicial reform, public security, offices of the human rights ombudsman and the good functioning of State institutions via fiscal reform and the process of decentralization. Support to the reintegration of ex-combatants and the demobilization of the war wounded was also provided in El Salvador and Guatemala (in this case through a UNDP project in cooperation with the Office of the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM)). Also in Guatemala, the United Nations conducted specific programmes for the resettlement of uprooted populations and with respect to the identity and rights of indigenous peoples. The culture-for-peace programme of the United Nations Educational, Scientific and Cultural Organization (UNESCO) has also continued activities through its national projects in Nicaragua and El Salvador.

42. In the area of economic and social development, UNDP has focused on the formulation and implementation of a new initiative known as the Programme for the Promotion of Human Sustainable Development in Central America (PROGRESS/CA), aiming at establishing regional, local and national consensus among the main social actors

(Governments, civil societies, international donors/NGOs and United Nations agencies) on goals and actions towards human sustainable development. National subprogrammes in Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama supported processes of decentralization and modernization of the State and the strengthening of local bodies and their capacity to formulate and implement local plans. This has been an inter-agency effort of the United Nations, with execution by UNDP, general implementation by the United Nations Office for Project Services (UNOPS), and participation from the International Labour Organization (ILO), The Pan American Health Organization (PAHO) of the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Food Programme (WFP) and the United Nations Volunteers (UNV). In the same field, a new phase of a UNDP project entitled "Technical Assistance for the Agricultural Development of Central America" (RUTA III) was approved, for implementation between 1997 and 2000, with the goal of assisting Central American Governments with their policies and modernization programmes in the area of agriculture and institutional reform of the rural sector. This past year saw the conclusion of the Programme to Alleviate Poverty in Central America and Panama (RUTA Social), implemented between July 1993 and July 1997 by the World Bank with partial funding from UNDP and IDB and participation from WHO.

43. Finally, the United Nations supported a number of activities aimed at the protection and restoration of the environment in Central America, including the integration of the issue in national policies and sectoral plans, as well as the elaboration of projects geared towards the conservation, regeneration and sustainable use of natural resources in specific areas, in the framework of ALIDES. UNDP supported national efforts in Costa Rica, Guatemala and Belize with funding from the Global Environmental Facility (GEF), and the latter supported the elaboration of national strategies and action plans geared to maintaining biodiversity and identifying the main sources of greenhouse gases in Belize, Costa Rica, El Salvador and Guatemala. UNDP also assisted countries in the integration of the principles of Agenda 21 in their development plans, with ongoing programmes in Costa Rica, El Salvador and Honduras, as well as one that is being initiated in Guatemala.

IV. Observations

44. On this tenth anniversary of the Esquipulas II Agreement, regional leaders can take pride in the fact that, with the successful resolution of the peace negotiations in Guatemala, Central America finally finds itself without armed conflict for the first time in more than three decades. This is a triumph attributable primarily to the will of the region's peoples and their leaders, to which the United Nations, together with other actors of the international community, is proud to have been able to contribute.

45. Together with the agenda of social, economic and other reforms contained in the Alliance for Sustainable Development, the existing dynamic institutional framework within which these reforms may now be implemented and the support of the international community, including the United Nations system itself, these circumstances place the countries of Central America in a favourable position to pursue economic growth, social justice and further democratization. The initiation of a process leading towards a Central American Union must be welcomed as a positive step in that direction. However, the gravity of the challenges facing the region makes it evident that they will only be overcome if they are approached with the dedication and sense of urgency brought to bear on civil war and regional tensions in the past. Now that peace finally prevails in the region, I more than ever urge the countries of Central America and the international community to remain fully engaged in its consolidation. As Secretary-General, I am ready to continue to play the active role in this process entrusted to me by the General Assembly.

Notes

[1] "Central America: Economic Evolution during 1996", ECLAC, 11 July 1997.

[2] "El Nuevo Horizonte de las Economías Centroamericanas en 1997", Informe Económico Especial elaborado para REPORTE POLITICO/Panorama Centroamericano, marzo de 1997.

[3] "Centroamérica: perspectivas económicas para 1997", SIECA, April 1997.

[4] "Diagnóstico de la Institucionalidad Regional Centroamericana", LC/MEX/R.581/Rev.2, 28 February 1997.

[5] On 1 April 1997, the Illegal Immigration Reform and Immigrant Responsibility Act took effect in the United States, restricting the number of people who could immigrate legally to the United States and facilitating the deportation of illegal immigrants. There are some 2.5 to 3 million Central American immigrants in the United States, about 660,000 of whom are illegal. Remittances to their home countries amounted to US$ 1.7 billion in 1996.